

HEBER CITY CORPORATION
75 North Main Street
Heber City, Utah
Airport Advisory Board Meeting
Wednesday, September 18, 2013

4:00 p.m.
Regular Meeting

Members Present: Nadim AbuHaidar Airport Advisory Board
Mel McQuarrie Airport Advisory Board
Jeff Mabbutt Airport Advisory Board
Kari McFee Airport Advisory Board
Tom Melville Airport Advisory Board
Erik Rowland Airport Advisory Board

Absent: Dave Hansen Airport Advisory Board

Others: Mark Anderson City Manager
Terry Loboschefskey Airport Manager
Karen Tozier Airport Advisory Board Secretary

Others: George Murdock, Lee Reinhardt, Mike Stewart, Susan Stewart, Jim Church, Greg Grani, Kirk Nielsen, Paul Boyer, Beth Schneider, Paul Schneider, Russ Werner, and others who did not sign the attendance sheet.

Chairman Rowland convened the meeting at 4:01 p.m. with a quorum present. The meeting room had been moved to the Council Chambers as there were a large number of participants. Rowland thanked those present for their interest in the Airport. Boardmember McQuarrie was not present at this time. Boardmember Hansen was excused.

Approval of Minutes:

August 14, 2013, Regular Minutes

Boardmember AbuHaidar proposed to accept the meeting minutes of August 14, 2013. Boardmember Melville seconded the motion. Voting Aye: Boardmembers McFee, Rowland, AbuHaidar, Melville, and Mabbutt. Voting Nay: none. The motion passed.

Item 1 Airport Manager Report

Terry Loboschefskey reviewed information relating to his report. Loboschefskey and Anderson explained the latest developments on the ADP for Runway 4/22. It appears that this will not be funded until summer of next year and the earliest the project could begin would be Fall of 2014. As far as the City's match, this would push through to the next budget.

Loboschefskey added one more topic that had not been included in his report. He indicated that he has a more formal SASO application that he would like to distribute and get people's opinions on. Boardmember AbuHaidar asked if this would be part of the new lease/rates and policy document. Discussion followed on this topic. Boardmember McQuarrie arrived to the meeting at 4:10 p.m.

Discussion Topics:

City funding of a garbage dumpster at \$450.00 a year for twice a month pickup was discussed. The consensus from the Board was that the City should offer this service and the location of the dumpster should be inside the fence.

Boardmember McQuarrie motioned that we put it in and we do it. Chairman Rowland summarized; we have a motion to give recommendation to the City Council to pay for a dumpster at the Airport; and then asked for a second to the motion. Boardmember Mabbutt commented that he thought there should be no time restrictions and that the dumpster should not be locked. Locking the dumpster would allow people to dump only on certain days. He stated, if we need to dump it more often, then we need to dump it more often. Loboschefskey was okay with this but indicated he just did not want someone to remodel their bathroom and bring all the refuse over. Boardmember Mabbutt seconded the motion. Boardmember AbuHaidar commented that they might be shocked at how much might be in the dumpster and there might be overflow. The vote was taken at this time. Voting Aye: Boardmembers McQuarrie, McFee, Rowland, AbuHaidar, Melville, and Mabbutt. Voting Nay: none. The motion passed unanimously.

Loboschefskey told the Board that the locksmith has installed a combination lock on the pilot lounge door in the SRE Building which allows afterhours access.

Terry Loboschefskey was asked by Chairman Rowland how long he had been with the City. Terry Loboschefskey had been with the City a little over a year. Chairman Rowland commended Loboschefskey and thanked him on behalf of the Board for his services.

Beth Schneider asked if glider trailer parking had been discussed. Chairman Rowland asked if this was regarding the question of whether to charge a collection fee. Schneider answered in the affirmative. Chairman Rowland indicated this had not been presented yet to the City Council and so there has been no formal decision made yet.

Item 2 Discuss Mission of the Airport Advisory Board

Chairman Rowland indicated he had requested from Mark Anderson that this be placed on the agenda this evening in this order because in looking at future development of the Airport, some items of which would be looked at that night, he felt that as a Board this was a great opportunity for the Board to come together and formally put together a mission statement for what they are there to accomplish. Rowland stated the reasons why he thought a mission statement was important and indicated that he thought the written comments Boardmember AbuHaidar had provided on this subject could be used as a starting point.

There was extensive discussion and debate on this topic from the Board and from members of the audience attending the meeting. Different thoughts and questions expressed from individuals were:

- 88 ▪ Bigger is not necessarily better and should go the direction that people in this valley
- 89 would like to see this go.
- 90 ▪ What is their role with economic development within the community and as a tool of
- 91 economic development within the valley?
- 92 ▪ Support economic development, not just what locals want, some don't want the airport,
- 93 others don't have an opinion. The airport is an asset to all the communities, Wasatch
- 94 County, Summit County and in the (Uintah) Basin. The FAA has a big investment also
- 95 which needs to be considered.
- 96 ▪ As an advisory board what are they wardens of?
- 97 ○ To protect the best interests of the airport?
- 98 ○ Hangar owners?
- 99 ○ Tenants?
- 100 ○ Airport users?
- 101 ○ The City?
- 102 ○ The FAA?
- 103 ○ Does the Board have a responsibility to protect interests. If so, whose?
- 104 ▪ Look at people who use the airport and the city and come up with a happy medium and
- 105 make everyone as happy as we can.
- 106 ▪ Administration of the regulatory environment should be the Airport Advisory Board's
- 107 purview.
- 108 ▪ The Airport Advisory Board is an advisory board which should carry out the City
- 109 Council's desires relating to the Airport:
- 110 ○ This could result in changes as City Councilmembers change.
- 111 ▪ Develop the policy and procedure first and then get input from the Council.
- 112 ▪ Importance or non-importance of profitability of the Airport / covering operating costs:
- 113 ○ \$225,000 would be coming from the general fund to match the apron and runway
- 114 rehabilitation costs. The Airport is covering its operating costs now but the
- 115 bottom line is it doesn't cover the funding for large grant matches.

116
117 Towards the conclusion of this discussion Boardmember McQuarrie expressed his thoughts were
118 that they needed to spend more time with this and narrow this down.

119
120 Beth Schneider made a suggestion, asking the Board that in their future discussions they consider
121 how the locals, the community fits into all of this. She indicated there was the City, the users,
122 and the community.

123
124 Chairman Rowland commented that he appreciated what Beth Schneider had just said and
125 continued, "Considering the fact we don't have a mission statement defined, in moving forward
126 with this next agenda item, I would like to ask the Board that in the interim of there not being an
127 official mission statement, would the Board be amenable to keep things as equitable as
128 possible?"

129
130 Chairman Rowland indicated he would take some information on this discussion back to the
131 Council but as far as the Board is concerned he would like the Board to put some more thought
132 into this. He encouraged the Boardmembers to continue looking into mission statements of other
133 airports, to put some thought into this and there would be more discussion on this in the future.

Item 2 **Kirk Nielsen, Jviation Review Draft Lease/Rates and Charges Policy**

Kirk Nielsen of Jviation made his presentation. He reviewed each section of the Draft Lease/Rates and Charges Policy document and explained the essence of these sections. He pointed out that the leasing policy was a process that will help with future leases. The goal with this and FAA grant assurances are to help the Airport be as self-sustaining as possible. These processes are there to keep you out of trouble with the FAA and also give you guidance on how to deal with future hangar leases.

Nielsen explained how the application functions. There was debate on whether the application should be submitted to the airport manager, the airport board, or the city manager. Nielsen suggested changing this to Airport Manager or his designee.

A number of sections were discussed as the document was reviewed. Boardmember McQuarrie was concerned and asked a question regarding End of Lease which Section 5.1 in Appendix E addressed. Section 5 Appendix was discussed at great length. Nielsen indicated that if there is something controversial (about the document) this would be the section. It fills in where there is no guidance and at year 26 puts the leases on reversionary status.

Boardmember McQuarrie asked Kirk Nielsen to show the economics that drive this and asked where is (the) supporting data? Nielson replied this goes along with long discussion with the FAA. Boardmember McQuarrie stated he wanted hard numbers.

Mark Anderson addressed Boardmember McQuarrie's comments. Anderson commented that with this survey it has been ascertained that the lease rates that are being charged are similar to market. He noted that all the new hangars are reversionary including the last eight which are all sold now. These new hangars have similar lease rates to those that have been non-reversionary for the past 12 or 13 years. The study suggesting those are market rates for reversionary leases and so...as these leases get closer to maturity one of the questions that is going to be asked when people try to buy these is what is the City's intent after 25 years, what can we expect as purchasers of these hangars? I think there is a need to give some clarity as to what the City is going to do and this is the recommendation that has been made by Jviation.

Chairman Rowland asked for a show of hands from those present in the audience as to how many of them were currently under the situation of 25 year non-reversionary leases. A fair number of the audience members were in this situation. Chairman Rowland then asked them to give input on what their expectations were after the 25th year; what they would like to see happen and would consider fair. He noted that the City did not have anything in place at this time.

Paul Boyer spoke about the impracticality of removing a hangar, that it would destroy the concrete and there would be a loss of materials that could not be re-constructed. He read Item 36 from the contract (lease agreement) where the lease agreement references "Hold Over". Essentially he indicated that this meant after the 26 years the hangar owner would be allowed tenancy from month-to-month. Boardmember AbuHaidar asked for clarification, "Just to confirm that I understand your interpretation of the contract, you think once it expires you basically go month-to-month at whatever lease rate is set by the City at the time?" Paul Boyer answered yes and indicated that was just his expectation.

Russ Warner, who is in Hangar 15, indicated that the main thing of their expectation was that reversionary was never a factor in this. He spoke about a prior conversation he'd had with Mark Anderson on what would occur after the reversionary period ended. His expectation was at the end of 20 (years) and five more was that the City would lease him that dirt under some similar circumstance to continue to stay there. And while we certainly can't move the hangars we can

188 take the big steel out of those hangars and reuse that and the rest of it we can recycle. But I can
189 guarantee you everybody talking around the Airport isn't interested in leaving this stuff behind.
190 So the City isn't going to get value out of a reversionary on this group I don't think, in fact, it
191 will probably be a cost.

192
193 Next to speak was Greg Grani. Mr. Grani is in Hangar 30, owned a hangar on hangar row and is
194 based out of Long Beach. He explained that his lease will come to maturity in 25 years (in Long
195 Beach). He indicated his expectations were just like yours and everybody there. As long as you
196 are not going to use it for anything else or change it they'll just keep extending the lease, and in
197 fact that is what they have done. And we are going to be getting another 10 or 15 year addition
198 on the same rate, nothing changes. And that would be my expectation on Hangar 30.

199
200 Chairman Rowland asked, "A month to month?"

201
202 Grani continued, "Unless the City is going to have a whole new airport plan or do something
203 different. I don't expect them to take my hangar and make money on it. If it stays the same in
204 the same location, I think I should be given the right to continue on the lease once my 25 year....

205
206 Beth Schneider of hangar row asked why those in hangar row do not have the privilege of
207 extended leases. Mark Anderson explained the provisions of the lease agreement for hangar row.
208 Boardmember AbuHaidar referred to there being a potential location issue with regard to the
209 Airport Master Plan. Discussion on the layout of the Airport in regard to potential CII/DII
210 configuration and on the timeline of this contingent; nothing has been set in stone but in 2015 the
211 Master Plan Update is scheduled and would set a course one way or the other. Comments were
212 made on various elements that could determine output and it was made known that public
213 meetings and at least one public hearing would be held prior to any decisions being made. The
214 key point was that it would be foolish for the City to ignore the potential of upgrade and commit
215 to non-reversionary leases or to extending leases to a timeframe that could cause a conflict with
216 future plans for the airport.

217
218 Boardmember AbuHaidar asked those in the audience whether they would they feel better if
219 there was no reference to hangar extensions at all. A couple of voices from the audience
220 answered no.

221
222 Dialog continued on the expectations from those in the audience. Boardmember Mabbutt
223 commented on hangar row, that nothing would be done until the lease ran out on the last hangar
224 and he thought that the lease rates would change if leases were to be extended. Beth Schneider
225 commented that this would mean extending their leases until the end of all of hangar row and
226 that they understand that when their lease is up they wouldn't expect the details to stay the same,
227 they would expect things to change. "We would just like the same courtesy as south end, in that
228 our leases would be extended."

229
230 Chairman Rowland summarized conversation and noted that at this current time there is at least a
231 perceived end to hangar row, he thought they could extend this conversation further to see what
232 we could do to make this a fair proposal for all involved.

233
234 Anderson remarked on Paul Boyer's comment regarding "hold over" and indicated the answer
235 may be in the current lease agreement. He thought this still left the City in a position at any
236 given time to come and say you need to remove the hangar. After the 25 years you are month-to-
237 month and the City could do this.

238
239 Paul Boyer explained the one sentence he wanted as an end to this recommendation: that the City
240 will continue to lease the land to me unless they have a use or different use of the land. He

241 indicated that was all he needed to hear; this was just going to guarantee that they are not going
242 to come in and try to take his hangar just so they can lease it to somebody else.

243
244 Boardmember Melville moved to table this discussion for a future Board meeting so they can
245 continue talking about this. Boardmember McFee seconded the motion. Voting Aye:
246 Boardmembers McFee, Rowland, AbuHaidar, McQuarrie, Melville, and Mabbutt. Voting Nay:
247 none. The motion passed.

248
249 Kirk Nielsen commented with the hangar owners and users present and interested that he would
250 suggest working groups to start to deal with some of the issues and be able to define some of the
251 things they were asking for. He recommended continuing to work on the leasing policy, taking
252 that portion out because that one does change expectations, and move on with the leasing policy
253 to get that process in place for you.

254
255 Boardmember AbuHaidar moved to adjourn the meeting. Boardmember McFee seconded the
256 motion. Voting Aye: Boardmembers McFee, Rowland, AbuHaidar, McQuarrie, Melville, and
257 Mabbutt. Voting Nay: none. The motion passed and the meeting adjourned at 6:01 p.m.